



Department of Justice

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EIGHT EXECUTIVES ARRESTED ON CHARGES OF CONSPIRING TO RIG BIDS, FIX PRICES, AND ALLOCATE MARKETS FOR SALES OF MARINE HOSE

WASHINGTON — Eight executives from the United Kingdom (U.K.), France, Italy, and Japan were arrested today in Houston and San Francisco and charged for their role in a conspiracy to rig bids, fix prices, and allocate markets for United States sales of marine hose used to transport oil, the Department of Justice announced today.

A criminal complaint was unsealed today in U.S. District Court in Miami, against four executives: Peter Whittle, owner of the U.K.-based consulting firm PW Consulting (Oil & Marine) Ltd.; Bryan Allison, managing director, and David Brammar, sales and marketing director, both of the U.K. company Dunlop Oil & Marine Ltd.; and Jacques Cognard, the oil and marine manager of Trelleborg Industrie S.A. in France.

A separate criminal complaint was filed late last night in U.S. District Court in Ft. Lauderdale, Fla. against four executives: Christian Caleca, the president of the Industrial Hose Business Unit of Trelleborg Industrie S.A. in France; Vanni Scodeggio, a business unit manager at Parker ITR slr in Italy; Francesco Scaglia, a product manager at Manuli Rubber Industries SpA in Italy; and Misao Hioki, an executive involved in the sale of marine hose for Bridgestone Corporation in Japan. According to the criminal complaints, the charged executives participated in the conspiracy at various times during the period from at least 1999 to the present.

Simultaneous with today's arrests, agents of the Defense Criminal Investigative Service (DCIS) of the Department of Defense's Office of Inspector General executed search warrants at locations across the U.S. While those searches were being conducted, competition authorities abroad, the Office of Fair Trading in the U.K. and the European Commission, executed search warrants in Europe.

"Today's arrests, combined with the raids in the U.S. and Europe, demonstrate our ability to work effectively with foreign competition authorities to shut down international cartels," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "The Antitrust Division will hold accountable executives who engage in illegal cartels, the supreme evil of antitrust."

Marine hose is a flexible rubber hose used to transport oil between tankers and storage facilities and buoys. Marine hose is purchased by companies such as Shell, Exxon, and Chevron that are involved in the off-shore extraction and transportation of petroleum products. It is also

purchased and used by the Department of Defense. Court papers allege that during the conspiracy the conspirators sold hundreds of millions of dollars worth of marine hose and related products.

According to the affidavit filed in support of the criminal complaint charging Whittle, Allison, Brammar and Cognard, the conspirators met in locations such as Key Largo, Fla., Bangkok, and London. At these meetings, the conspirators discussed and agreed to the rules for implementing their bid-rigging, price-fixing and allocation scheme. They also allegedly kept agendas and detailed “minutes” of cartel meetings.

Also, according to that same affidavit, during the conspiracy the participants devised code names to conceal their involvement and communications. In written communications, the conspirators allegedly referred to the cartel as “the club” or the “Technical Committee – Marine Hose.”

According to court papers, Whittle, the coordinator of the scheme, collected approximately \$300,000 a year, with each conspirator paying him about \$50,000. The conspiring manufacturers allegedly provided Whittle with information about upcoming marine hose jobs, and Whittle then designated which conspirator would win the job, referring to the winning conspirator as the “champion.”

The affidavit filed in support of the complaint charging Caleca, Scodeggio, Scaglia and Hioki alleges that members of the cartel met as recently as yesterday for the purpose of carrying out the conspiracy. The Justice Department said that yesterday’s meeting took place in a hotel in Houston.

“Price fixing and bid rigging are serious crimes that drain resources from the Department of Defense (DOD) and the American taxpayer. The Defense Criminal Investigative Service (DCIS) takes very seriously all violations of U.S. antitrust laws that affect products and services procured for our soldiers, sailors, airmen and Marines. DCIS aggressively investigates those who seek to cheat DOD and the public by conspiring to suppress competition,” said Charles W. Beardall, Director, DCIS.

The ongoing investigation is being conducted by the Antitrust Division’s National Criminal Enforcement Section, the DCIS of the DOD’s Office of Inspector General, the U.S. Navy Criminal Investigative Service, and the Federal Bureau of Investigation.

Anyone with information concerning bid rigging or other anticompetitive conduct regarding marine hose or related products is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694, or the Mission Viejo Office of the Defense Criminal Investigative Service at 949-643-4191.

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